

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of Lodi Gas Storage, L.L.C., Western Hub Properties L.L.C., and WHP Acquisition Company, LLC, to Transfer Control of Lodi Gas Storage, L.L.C., to WHP Acquisition Company, LLC, Which Will Occur Indirectly as a Result of the Purchase of Western Hub Properties L.L.C. by WHP Acquisition Company, LLC, Pursuant to Public Utilities Code Section 854(a) and of Lodi Gas Storage, L.L.C. for Approval of a Secured Long-Term Financing Pursuant to Public Utilities Code Sections 816, 817, 818, 823 and 851.

Application 01-09-045
(Filed September 28, 2001)

**ADMINISTRATIVE LAW JUDGE'S RULING
GRANTING LEAVE TO FILE CONFIDENTIAL MATERIALS UNDER SEAL**

October 18 Motion: By motion jointly filed on October 18, 2002, Lodi Gas Storage, L.L.C. (LGS), Western Hub Properties, L.L.C. (Western Hub), which owns LGS, and WHP Acquisition Company, LLC (WHP) request leave to file under seal the materials in Exhibits 1 through 4 attached to their October 18, 2002 Amendment to the application in this proceeding. Specifically, Joint Applicants ask for confidential treatment of the following documents: financial statements of Lodi and Western Hub (Exhibit 1); financial statements of WHP (Exhibit 2); financial statements of ArcLight Energy Partners Fund I, L.P. (ArcLight) (Exhibit 3); and the October 17, 2002 Amendment to the Letter of Intent for the Revised Unit Purchase Agreement (Letter of Intent) between ArcLight Capital Holdings, LLC and Western Hub (Exhibit 4). The motion is unopposed.

November 4 Motion: By motion jointly filed on November 4, 2002, Joint Applicants request confidential treatment of the Amended and Restated Unit Purchase Agreement (revised Unit Purchase Agreement) dated October 30, 2002 and filed as Exhibit 5 to the Amendment. Joint Applicants have appended this exhibit to their Supplement to Application, also filed on November 4.¹ The motion is unopposed.

December 24 Supplement: This supplement amends the October 18 and November 4 motions. With the supplement, Joint Applicants have filed included public (redacted) versions of the Letter of Intent and revised Unit Purchase Agreement (and its attachments), from which they have excised information that they deem confidential. The supplement, itself, includes a helpful chart that clearly identifies each attachment to the revised Unit Purchase Agreement and indicates whether the attachment has been made public, whether confidential treatment is sought, and why. The supplement renews Joint Applicants' request that confidential information be filed under seal.

Discussion: The Commission has generally granted leave, under General Order 66-C and authority cited there, for the filing under seal of unredacted documents containing various kinds of commercially sensitive information, which if disclosed would place a regulated company at an unfair business disadvantage. Exhibits 1 through 3 report the financial status of LGS and the entities involved in the transaction at issue; Exhibits 4 and 5 lay set out the financial details of the revised, proposed transaction. With the filing of the

¹ Joint Applicants also have appended to the Supplement, as Exhibit 6, a diagram showing the organizational structure of the proposed transaction. They do not seek confidential treatment of Exhibit 6.

supplement, including the public versions of the Letter of Intent and the revised Unit Purchase Agreement (and its attachments), Joint Applicants acknowledge that, on their face, only selected portions of Exhibits 4 and 5 are eligible for confidential treatment.

Joint Applicants make several arguments in support of their claims for confidential treatment of Exhibits 1 through 3 and portions of Exhibits 4 and 5. As Joint Applicants' note, because LGS is engaged in competitive gas storage and authorized to charge market-based rates, its operations are exposed entirely to market risk. The Commission approved these market-based service terms in Decision (D.) 00-05-048, which also granted LGS a certificate of public convenience and necessity. As Joint Applicants further note, two of LGS' existing competitors are similarly at risk, Wild Goose Gas Storage and Pacific Gas and Electric Company (for noncore storage capacity). Were the financial statements and purchase agreements to be disclosed publicly, Joint Applicants assert, the information contained in them would advantage LGS' competitors to LGS' commercial detriment. The information would be useful in determining LGS' economics, estimating LGS' fixed and marginal costs, and devising pricing strategies to compete with LGS. Moreover, public disclosure of the information would also put the parties to these agreements at a competitive disadvantage with respect to other transactions of a similar nature, according to Joint Applicants.

Joint Applicants have made a prima facie case that the information at issue should be filed under seal to protect LGS' competitiveness and have publicly disclosed information that is not confidential. A public hearing on the motion is not needed. Accordingly, the motion to file under seal is granted to the extent set out in the ruling paragraphs below.

IT IS RULED that:

1. As modified by the December 24, 2002 supplement, the October 18, 2002 and November 4, 2002 motions of Lodi Gas Storage, L.L.C., (LGS) Western Hub Properties, L.L.C., (Western Hub) and WHP Acquisition Company, LLC (WHP) for leave to file confidential materials under seal are granted, as further specified in these ruling paragraphs. Joint Applicants may file the following documents under seal:

- (a) the financial statements of LGS and Western Hub (Exhibit 1 of the October 18, 2002 Amendment to the application in this proceeding);
- (b) the financial statements of WHP (Exhibit 2 of the October 18, 2002 Amendment to the application in this proceeding);
- (c) the financial statements of ArcLight Energy Partners Fund I, L.P. (Exhibit 3 of the October 18, 2002 Amendment to the application in this proceeding);
- (d) the October 17, 2002 Amendment to the Letter of Intent for the Revised Unit Purchase Agreement between ArcLight Capital Holdings, LLC and Western Hub (Exhibit 4 of the October 18, 2002 Amendment to the application in this proceeding); and
- (e) the October 30, 2002 Amended and Restated Unit Purchase Agreement among WHP, Western Hub and others (Exhibit 5 of the October 18, 2002 Amendment to the application in this proceeding).

2. The documents identified above shall remain under seal for a period of two years from the date of this ruling.

3. During the two-year period, the documents identified above shall not be made accessible or disclosed to anyone other than Commission staff except pursuant to (a) the further order or ruling of the Commission, the Assigned

Commissioner, the assigned ALJ, or the ALJ then designated as Law and Motion Judge, or (b) the terms of a reasonable nondisclosure agreement for purposes of this proceeding. Any party intending to include information, which this ruling places under seal, in any document submitted for filing in this proceeding shall submit the unredacted version of the document under seal, together with a redacted version for the public record.

4. If joint applicants, or any of them, believe that the information which this ruling places under seal should be protected beyond two years, they may file a motion stating the justification for further withholding the documents from public inspection.

Dated January 15, 2003, at San Francisco, California.

/s/ JEAN VIETH

Jean Vieth
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Granting Leave to File Confidential Materials Under Seal on all parties of record in this proceeding or their attorneys of record.

Dated January 15, 2003, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.